



Durban Platform: Laying New Foundations

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1.0 Introduction

The December 2011 UN Climate Change Conference in Durban (Conference of the Parties, or COP-17), once again brought together representatives of the world's governments, international organizations and civil society. The discussions sought to advance the implementation of the Kyoto Protocol and the Bali Action Plan and Cancun Agreements. On December 11th, the conference reached an agreement and program to set a new course of action for the global fight against climate change.

The key breakthroughs at the negotiations were: (i) the acceptance of emerging and developing nations to the principle of greenhouse gas (GHG) emission limits, thereby overcoming historical disagreements to reach a global deal; (ii) the formal approval of the Green Climate Fund (GCF) and its designation as an operating entity of the Financial Mechanism of the Convention; and (iii) the extension of the Kyoto Protocol and associated mechanisms, such as the Carbon Development Mechanism (CDM).

Meanwhile, the key outstanding challenges are: (i) the absence of clear legal status of the 2015 agreement and that no additional climate action is likely ahead of 2020 – putting the 2 degrees Celsius goal at risk; (ii) the lack of current funding for the GCF; and (iii) the departure of Canada from the Kyoto Protocol (KP), and of Japan and Russia from the KP's second commitment period.

Overall, Durban has put the world in a place and on a trajectory whereby it is more likely than it was before to establish a foundation for meaningful long-term action on climate change, having finally achieved a *universal* framework to peak and cut GHGs, and to create new alliances to drive climate business. It has succeeded in keeping climate change on the international agenda, but policies to reduce GHG emissions will – in the interim – rely on national action supported by international pledges and review. Clean energy policies will therefore continue to be driven as much by energy security, jobs and industrial policy as concerns about climate change. Nonetheless, the achievements at Durban point to some upside to the forecast of a low carbon energy market valued at \$2.2 trillion in 2020 and considering the low initial expectations and the present context of the ongoing economic and financial crisis, the Durban outcome is unexpectedly positive.

The next round of international climate talks will take place in Qatar in November 2012. Before then the new round of negotiations based on the Durban Platform will need to start and countries willing to join the second commitment period will have to submit targets.

Key outcomes of Durban are as follows:

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2.0 New Climate Deal for 2015-2020

The Durban Platform lies at the heart of the package, setting out a schedule for negotiating a new protocol, legal instrument or agreed outcome with legal force covering all countries by 2015, with enforcement by 2020.

2.1 Positive Developments

The Durban Platform contains one very significant element which can be viewed as a historic breakthrough in international climate negotiations: the acceptance of developing nations to the principle of limiting their emissions in a new agreement from 2020. This marks a significant advance along the path of global climate negotiations. The commitment by developing nations at Durban is a big win for the US and other countries that argued developing economies should play an equal role in any climate mitigation action – as such, this decision is positive with regard to full participation by major economies in any future agreement, and makes US participation much more likely.

Countries are expected to submit binding targets by 2015 and the new agreement is expected to come into force from 2020. Compared to the goal of reaching an 'agreed outcome' adopted at the 2007 Bali conference, which then ended in a disagreed outcome two years later at Copenhagen, there is now an irreversible shifting of geopolitical interests. The package shows that countries have not walked away from the climate change problem and global coordination to regulate carbon emissions remains intact. It also gives the EU more impetus to push for a 30% emission reduction target by 2020 compared to its current 20% target.

The timeline underpinning the Durban Platform is critical. The new set of negotiations will be bolstered by the scheduled publication of the next IPCC report on climate science in 2013-14 and the formal review of the 2 degree Celsius target by 2015. Also, the timetable fits with the presidential electoral cycle in the US (the next President will be in power for the full negotiation period, 2012-2016), and is aligned with the 13th Five Year Plan in China (2016-2021).

2.2 Risks & Challenges

The new agreement is only expected to come into effect and be implemented from 2020. However, scientific consensus is that global greenhouse gas emissions need to reach a peak ahead of 2020 if there is to be any chance of stabilizing climate change to below 2 degrees Celsius. Therefore, it is increasingly likely that the 2 degree figure will now be out of reach given the delays and changes to the international agreement schedule.

Importantly though this does not mean that the world cannot still control further increases in temperature. To this end, although it does now seem clear that there will be a need for some climate adaptation, in our view the Durban outcome does not mean that the world has moved to prioritize adaptation over mitigation. Rather it means that the goal posts are potentially moving beyond 2 degrees Celsius change, and global action is still possible *if* the assumption that a 2015 agreement can be reached with all economies on board comes to fruition. We acknowledge, however, that this does continue to point to the increasing importance of adaptation.

The ultimate content of any 2015 agreement and the certainty on the legal nature of the agreement to be reached for implementation from 2020 are unknown. Pertinent issues will be the scale of ambition to be agreed to drive down emissions; a date for peaking emissions and the extent of emission cuts needed by 2050. No additional global climate action will take place before 2020.

The critical policy milestone will be the US elections in November, 2012, the result of which could help determine whether the US will change its historical course and adopt legally binding emission cuts in 2015.

3.0 Green Climate Fund

The Green Climate Fund (GCF) was officially launched at Durban as a new mechanism to facilitate public and private financing of low carbon development.

3.1 Positive Developments

The Green Climate Fund, originally put forward at the Copenhagen summit in December, 2009, was formally approved at Durban and is designated as an operating entity of the Financial Mechanism of the Convention with clearance for countries to begin contributing to the fund in 2012.

An initial offer from the Republic of Korea to contribute to the start-up cost of the facility has been made. A key outcome at Durban was the resolution of a dispute over where the fund should be 'housed'. The GCF will be overseen by the United Nations, something that developing nations had called for rather than it being overseen by the Global Environment Facility. The GCF will have thematic funding windows for adaptation and mitigation projects, and access to the Fund will be through direct and indirect applications.

The approval of the GCF represents a focused work program on long-term financing, which will contribute to the scaling up of climate change finance and will facilitate the mobilization of resources from a variety of sources – public, private and alternative sources, in addition to developed countries. The Fund encourages private sector participation through a private sector Facility that enables the GCF to directly and indirectly finance private sector mitigation and adaptation activities at the national, regional and international levels. The goal is for the Facility to promote the participation of private sector actors in developing countries, especially local actors.

3.2 Risks & Challenges

There are of course still issues to be addressed around the GCF, including the crucial point of how the facility will be funded. There was no mention of how the money - \$100 billion a year by 2020 - will be raised for the GCF or any mention of the issues of additionality.

As previously mentioned, it is however known that the Fund may receive financial inputs from a variety of public, private and alternative sources. In addition, it will provide simplified and improved access to funding, including direct access, basing its activities on a country-driven approach.

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4.0 Kyoto Protocol and Clean Development Mechanism

While the world awaits a new universal agreement on emissions, the Kyoto Protocol (KP) has been extended into a second commitment period (2013 to either 2017 or 2020), with countries submitting targets by May, 2012.

4.1 Positive Developments

The European Union and 12 other nations accepted limits under a second commitment period from 2013, and importantly the EU, Australia and New Zealand still maintain their carbon market policies. However, Japan and Russia will not accept limits to GHG emissions in a second commitment period of the Kyoto Protocol and Canada has withdrawn from the process entirely.

The outcome of Durban should also remove some of the uncertainties surrounding the future of the Clean Development Mechanism (CDM). A key Durban outcome is that although formal decisions on continuing the CDM initiative have been delayed to COP 18, because Kyoto has been extended it is expected that the CDM will continue beyond 2012. China and India have been retained as sources of CERs/ERUs, and there was a focus at Durban on improving the efficiency/transparency of the CDM and Joint Implementation (JI) processes.

Without this latest agreement on the KP, renewable energy industries in developing countries would have lost a source of funding as the carbon credit market in developed countries would have shrunk considerably – carbon credits remain an important factor determining the profitability of certain renewable energy projects in many developing countries.

Other key decisions under the Protocol were measures on protecting forests with funding to come from public or private sources. Standardization of reference emission levels will also improve transparency and enhance investability in the forestry sector. Governments also agreed to develop a new market based mechanism to assist developed nations to meet their targets.

4.2 Risks & Challenges

Japan and Russia have stated that they will not accept limits on GHG emissions under a second commitment period of the Kyoto Protocol because it imposes mandatory emission targets only on a certain group of countries. Canada went a step further and actually withdrew from the KP, much to the criticism of the international community. The actions of these countries mean that arguably the pact has lost part of the significant backing that it once had – particularly as Japan hosted the groundbreaking Kyoto agreement in 1997. However, it is thought that this will not have any major impacts on emissions beyond what would have anyway occurred.

Japan, due to a sharp drop in its nuclear capacity utilization since Fukushima and an associated current rise in carbon emissions, would have struggled to meet its emissions targets under a second commitment period, until it establishes a long-term alternative power plan¹. However, it is thought the chance of Japan returning to KP once a long-term power generation plan in the country is established is high. Additionally, Russia's absence should not have a significant impact because it was not active in implementing the Kyoto Protocol in the first place due to its high dependence on fossil fuel industries. Similarly, Canada has been focusing on developing its highly carbon intensive oil sands, and the country's emissions have grown considerably since the country signed KP. Nonetheless, despite its exit from the Kyoto process, Canada will continue to regulate carbon emissions at the provincial, not federal, level – Alberta, for example, has a carbon trading market. The US was never party to the Kyoto Protocol and remains absent in the process.

¹ See DBCCA research note *Japan – The Peoples' Greener Choice*. Access the note at: http://www.dbcca.com/dbcca/EN/media/Japan-The_Peoples_Greener_Choice.pdf



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